Factors Affecting Investment Decisions: A Study on Bangladesh Stock Market

Surajit Sarbabidya* and Trina Saha**

Stock market is one of the attractive places for investment among the investors of Bangladesh. There are two stock exchanges namely Dhaka stock exchange (DSE) and Chittagong stock exchange (CSE). People invest their money in both primary and secondary market(s) for the purpose of gaining profit. But the investment situation was not good in Bangladeshi market in the recent past. The investors witnessed two severe stock market crashes in Bangladesh in the years 1996 and 2010. Since then investors encountered much frustration due to gambling, syndication, insider trading, enactment of many laws and their short term and sudden but adverse effect, fluctuating and volatile market conditions, rumor, etc., in freely investing their hard money in this market. This has negatively impacted the natural and stable growth of investment in this market. The main objective of the study is to examine the factors affecting investment decisions in the stock market from the perspectives of Bangladesh. The present study is the result of the collection of both primary and secondary data and their analyses of which the primary data have been collected from the sample size of 100 respondents using 'random sampling' method through survey on investors of brokerage houses in Chittagong and Comilla. A structured self-administered questionnaire comprising of closed (i.e., dichotomous – yes/no), open-ended, non-forced, balanced and odd numbered non-comparative itemized questions using Likert 5 rating scale of measurement has been used for the survey. On the other hand, secondary data have been collected through extensive literature review. In this regard, recent articles and research papers published in the referred journals and peer reviewed international conference proceedings, survey reports, internship reports, annual reports and sustainability reports of the operators, web sites, newspapers, etc., relevant to the literature of the subject matter have also been studied. The study found relationship between the factors and investment decisions. The factors including risk factors, stockholder's whimsical attitude, earning per share, political instability, uncontrollable macroeconomic factors, etc. have been found damaging and demotivating the investors of the stock market in Bangladesh unless effective measures will be taken to correct the same.

Keywords: Investment decision, Bangladesh stock market, *DSE, CSE, Brokerage houses*

Field of Study: Financial & Investment

1. Introduction

Investment is always profitable if one invests in right time and at right place. Bangladesh offers promising sectors of investment in several industries such as garments, food, energy, banks, pharmaceutical, information and technology etc. Stock market is one of

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*Professor, Department of Business Administration, School of Business, Britannia University, Comilla, Bangladesh. Email: surajitsarbabidya@gmail.com

**Lecturer, Department of Business Administration, Faculty of Business Administration, Noakhali Science & Technology University, Noakhali, Bangladesh

the attractive places for investment among the investors of Bangladesh. There are two stock exchanges namely Dhaka stock exchange (DSE) and Chittagong stock exchange (CSE). Recent trends indicate that the stocks market are stronger than before and also running well since 2013. Everyone wants to be rich and happy in a quick and easy way but investment in stock market is not an easy game. To be successful in investment in stock market an investor must have knowledge about risks available in stock market, his risk tolerance level, return offered by investment sources and financial profile of the listed companies in which they will invest. It is always advised to learn as much as one can about the market. There are various influencing factors from different aspects. These factors have different levels of impact on each investors. More knowledge about the market will help the investors to know about this factors, analyzing those factors and finally to make right decision about investment and make money. This paper is an attempt to find out the factors which influence the selection process of investment in Bangladesh stock market.

The present study, in this regard, is the result of motivation to examine the factors influencing stock market investment decision.

Realizing the issues related to the effect of potential profit or loss of investment, secondary data have been collected. The current paper is unique because this paper not only focuses on the factors of the investment in the stock market of Bangladesh but also examines the perceptions of the respective investment professionals and investors.

However, the current study is not free from limitations. For example, the major limitation of the present study is that the secondary data in the literature review section did not solely focus on the role of influencing factors on the investment in the stock market of Bangladesh. Again some studies only focused either one or some aspects other than the complete subject matter of the current study. So, it is yet to get a concrete idea about the relevant factors of investment in this market. It is because the findings of the earlier research mostly exhibit the result of such factors in general with limited references of the investment in the stock market of the other countries rather than Bangladesh. Despite the proven success of the investment in the stock market in other countries, relatively few studies have focused on this on this sector of Bangladesh. Again some studies focused only on the few aspects of the subject matter of the current study.

So, it is clearly evident that there is a research gap and to mitigate this gap a rigorous research is yet to be attempted. Since the existing researches are not showing the relevant factors of investment in this market, more researches are required in this field and in this respect the findings of this study are different than those of previous researches.

To fill up the knowledge gap left out by the previous researches, the present study investigates the research question: "Is there any factor that affects decision of investment in the stock market in Bangladesh?"

From the light of the above hypothesis, the principal objective of this study is to examine whether there is any relationship between the factors and the investment decisions of business in Bangladesh stock market or not.

This paper is organized with the various sections. Section 1 deals with introduction, Section 2 focuses on the background of the Bangladesh Stock Market, Section 3 portrays the literature review, Section 4 goes with the methodology of the study, Section 5 exhibits the analysis and findings, and Section 6 draws a constructive conclusion including uniqueness of the study, new findings, significance and implications and limitations.

2. Bangladesh Stock Market: An Overview

The journey of Bangladesh stock market started on April 28, 1954 as East Pakistan Stock Exchange Association Ltd. At that time Bangladesh used to be ruled by Pakistan and the name of the country was East Pakistan. But trading on this market started in 1956 with a total paid up capital of Taka 4 billion and 196 securities were listed on this market. The exchange was renamed on June 23, 1962 as Dhaka Stock Exchange (DSE) Limited. Trading on Dhaka Stock Exchange was suspended from 1971 to 1976 because of liberation war and its post-independence weak economy. Then the trading was resumed in 1976 with 9 listed securities having a total paid up capital of Taka 137.52 million. (Hassan, Islam & Basher, 2000). By 1987, the number of listed companies in DSE increased up to 92. But high development of the market is noticeable in the 1990s comparing with any other time since its establishment. (Economy watch, 2010)

2.1 Dhaka Stock Exchange (DSE)

Dhaka Stock Exchange is the first and biggest stock exchange of the country. The operation of Dhaka Stock Exchange started on May 14, 1964 after renaming East Pakistan Stock Exchange Limited. Dhaka Stock Exchange (DSE) is registered as a Public Limited Company and its activities are regulated by its Articles of Association rules & regulations and bye-laws along with the Securities and Exchange Ordinance - 1969, Companies Act – 1994, Securities & Exchange Commission Act - 1993. In the beginning DSE was a physical stock exchange and used to trade in the open outcry system. After that to secure smooth, timeliness & effective operation on the market, DSE uses automated trading system. The system was installed on 10th August, 1998 and was upgraded time to time. The latest upgrading was done on 21st December, 2008. There are 238 members and total 507 listed securities in Dhaka Stock Exchange. The working days of DSE is 5 days in a week without Saturday, Sunday public holidays & other government holidays. The trading time is from 11:00 am to 15:00 pm (local time). Investment options for an investor in this market are ordinary share, Debenture, Bond & Mutual funds.

As mentioned by Fellowes (2008), "Every stock market has its indices to show movements in the market as a whole". In the beginning DSE had only one index.

However, now there are three different indices which are DSI (All share), DGEN (A, B, G & N) and DSE 20 (Source: www.dsebd.org).

2.2 Chittagong Stock Exchange (CSE)

Chittagong Stock Exchange was incorporated as a self-regulated non-profit organization on 1st April, 1995 and formally opened on November 4, 1995. It started its trading through cry-out system. Then Chittagong Stock Exchange started first automated trading bourse of the country. CSE started its automated trading on 2nd June, 1998 and internet trading service on 30th May, 2004. The trading time of CSE is between 11:00 am to 15:00 pm. The working days & holidays of CSE are same as like as DSE. CSE consists of 25 members of whom 12 are elected through election of CSE members, 12 members are elected from different major economic & social arena of Bangladesh and CEO is nominated and appointed by its own board but the approval of SEC mandatory. Now CSE has 147 members and 238 of listed securities. There are four different markets in CSE too which are public, Spot, Block & Odd Lot market. Trading is done through all these four markets. A, B, N, G and Z these are the 5 categories of company listed in CSE and it is mentionable that in G category there is not any company. CSE maintained only one index that was All Share Price Index until 10th October, 1995. Now CSE has 3 indices in the stock exchange. Indices are All Share Price Index (CASPI), CSE Selective Index (CSE30) and CSE Selective Categories' Index (CSCX) (Source: www.cse.com.bd).

2.3 Structure of Bangladesh Stock Market

The stock market of the country has two levels including the primary and secondary market. The primary market includes initial public offerings (IPOs), new share issuance of a company comes through primary market. Companies can issue new securities after getting permission from the market regulators. While the secondary market deals with existing securities or previously issued securities. Securities can be sold or bought from this market. In a stock exchange most of the trading figures comes from the secondary market. This market is also divided into i) public market in which instruments are traded on this market in normal volume which is called lot share, ii) spot market where trading is done in normal volume under corporate actions and must be settled in 24 hours, iii) block Market where bulk volume of instruments are trades through pick and fill basis and iv) odd lot market with such quantity of shares that is less than market lot. Odd lots of all instruments are traded through pick and fills in this market. Basically odd lots generated from bonus and rights issues.

2.4 Functions of Stock Market

The major functions of DSE and CSE are: listing of companies, gifting of share/granting approval to the transaction/transfer of share outside the trading system of the exchange, settlement of trading, monitoring the activities of listed companies, etc., as per listing regulations, providing the screen based automated trading of listed securities, market surveillance, publication of monthly review, investor's grievance cell as per Disposal of

complaint by laws 1997 and investors protection fund as per investor protection fund regulations 1999 (Source: www.dsebd.org).

3. Literature Review

The theory of risk tolerance following from the research of Bernheim et al (2001) is a construct stipulating that the decision to invest depends on willingness to accept higher risk or volatility in exchange for higher potential returns. Accordingly, investors are classified into two as risk tolerant investors and risk-averse investors. A risk tolerant investor will pursue higher potential reward investments even when there is a greater potential of loss. In addition, a risk tolerant person would seek out high-risk investments, even if they add little to his or her portfolio. Merikas, Andreas, George, and Prasad (2004) studied that the most important variables were related to classic wealth maximization criteria. Coverage in the press, statements from politicians and government officials, and political party affiliation were unimportant to most stock investors. Five important factors identified as Accounting Information, Personal Financial Needs, Subjective/Personal, Advocate Recommendation, and Neutral Information. Hossain et al. (2012) conducted a study on 'Factors Affecting Selection of Equity Shares: The Case of Retail Investors in Bangladesh'. The study reveal that the most important principal factors influencing retail investors are company specific attributes/reputation, net asset value, accounting information, trading opportunity, publicity, ownership structure, influence of people, and personal financial needs respectively. Findings also suggest that extent of importance given to each of the factors excluding ownership structure significantly differs with at least one demographic characteristics of sample respondents like gender, age, occupation, income, education, and experience. In an expanded study by Williams (2007) surveyed on 5170 investors across five countries, namely Australia, Canada, United Kingdom and United States, to analyze determinants of socially responsible investments. The results showed that investors took company environmental and social behavior into consideration in making investment choices, which is actually reflected though the stakeholders' attitude toward the company from different sides of company performance. Sevil, Sen, and Yalama (2007) aimed at understanding the decision processes of small investors trading in Istanbul stock exchange and found that investors are not completely rational as perceived by traditional finance theories. From psychological aspects of human being, it is observed that people are not always rationale and their decisions are not always objective. Technically financial metrics like P/E ratio, EAT, Dividend payout ratio, etc. should be the basis of investment decisions, but such is not the case most of the times, because the prices of indices are also governed by various aspects and factors of human mindset expectations, sentiments and excitement to name a few. Investors' high expectation and irrational behavior (Haque, & Faruquee, 2013) cause undue increase in market index and ultimately result in great fall in Stock market. Al-Tamimi (2005) conducted a study on 'Factors Influencing Individual Investor Behavior: An Empirical Study of UAE Financial Markets' and found that there are six most influencing factors affect the behavior of individual investor. The factors in order of importance were: expected corporate earnings, get rich quick, stock marketability, past performance of the firm's stock, government holdings and the creation of the organized financial markets. He also found five least influencing factors in order of importance were:

expected losses in other local investments, minimizing risk, expected losses in international financial markets, family member opinions and gut feeling on the economy. Two factors had unexpectedly least influence on the behavior of the UAE investors' behavior, namely the religious beliefs and the factors of family member opinions. Masomi et al. (2011) conducted a study on 'Consequences of human behaviors' in Economic: the Effects of Behavioral Factors in Investment decision making at Tehran Stock Exchange' to investigate the role of behavioral finance and investor psychology in investment decision-making at the Tehran Stock Exchange with special reference to institutional investors. It found that behavioral factors such as representativeness, overconfidence, anchoring, gambler's fallacy, loss aversion, regret aversion and mental accounting affected the decisions of the institutional investors operating at the TSE. It also found that price changes, information, past trends of stocks, fundamentals of underlying stocks, seasonal price cycles, customer preference, over/under reactions to price change has very high to moderate impact on decision making on investment. S. Usmani (2012) incorporated a study by taking 30 variables from diverse decision criteria including contemporary concerns. Results revealed seven homogenous groups among these 30 variables which were grouped into seven factors that address major investor considerations. The findings suggest that individual's base their stock purchase decisions on past and present stock performance along with other diverse variables; they do not rely on a single approach. A number of accounting variables have been used to explain equity value and equity return. Bhatt & Sumangala (2012) conducted a study on 50 top-listed companies of India over 5 year's period data and they concluded that Earnings per Share (EPS) impact the market value of an equity share in the Indian context. Halonen, Parlovic and Pearson (2012) investigated value relevance of financial reporting in Sweden after the introduction of the International Financial Reporting Standard in 2005. They found that value relevance of book values had increased but the value relevance of earnings had decreased over the period. Makrani & Abdi (2014) observed the effects of book value, net earnings and cash flow on stock prices of 129 selected firms listed on Tehran Stock Exchange over the period 2007-2012, the study has determined that the effects of book value, net earnings as well as cash flow decreases over the time although the effects of book value is bigger than net earnings and cash flow. Benson (2002) found this positive impact of capital market development largely dependent on the inclusion of higher income countries. Movements of stock prices depend on number of factors. The decomposition of stock price movements is very sensitive to what assumption is made about the presence of permanent changes in either real dividend growth or excess stock return (Balke & Wohar, 2006). Conducting research in Dhaka Stock Exchange (DSE), Rahman, et al (2006) found the negative correlation between the beta and stock return, which is reason for inefficiency of market where the assumptions behind the CAPM model is not supported. Wong, et al (2009) found that when limit hits are imminent stock prices approach limit bounds at faster rates and with increased volatility and higher trade efficiency. Al-Qenae (2002) found inflation and interest rate have negative and statistically significant coefficients in almost all cases on stock prices while GNP has positive effect. Maysami and Koh (2000) illustrated the connection of money supply growth, change in short and long term interest rates, inflation and variation in exchange rates with the changes in Singapore's stock market levels. Udegbunam & Eriki (2001) revealed that stock prices and inflation provides a strong support for the proposition that inflation exerts a significant negative

influence on the behavior of the prices of the stocks. They also exhibited that stock prices are also strongly driven by the level of economic activity measured by interest rate, GDP, financial deregulation and money stock. Joshep and Vezos (2006) proclaim that interest rate and foreign exchange rate risks are important financial and economic factors affecting the value of common stocks. Tsoukalas (2003) used industrial production, exchange rate, consumer prices and money supply as macroeconomic factors and revealed a strong relationship between stock prices with those factors. Ibrahim (2003) found that the Malaysian stock price index is positively related to consumer price index, money supply and industrial production. It is negatively related to the movement of exchange rates. Since consumer price index and investors' perception are two critical issues for the movement of stock prices, this study aims to explore the factors those are valued by the capital market investors. Al-Tamimi et al. (2009) conducted a study on 'Financial Literacy and Investment Decision of UAE Investors' and found that the most influencing factor that affects the investment decision is religious reasons and the least affecting factor is rumours. They also found that women have lower level of financial literacy than men and financially educated investors help financial markets to operate efficiently, as they take better trading decisions based on fundamental and or technical analysis instead of acting irrationally. Bennet and Selvam (2011) conducted a study on 'Factors Influencing Retail Investors' Attitude towards Investing in Equity Stocks: A Study in Tamil Nadu' and it is found out that five factors had very high influence over the retail investor's attitude towards investing in equity stocks. They are namely investors' tolerance for risk, strength of the economy, media focus on the stock market, political stability and finally government policy towards business. Kadariya (2012) conducted a study on 'Factors affecting investor decision making: A case of Nepalese capital market' and reveal that both the tangible and intangible information are essential to succeed in Nepalese capital market. The major findings of the study are: the capital structure and average pricing method is one factor that influence the investment decisions, the next is political and media coverage, the third factor is belief on luck and the financial education, and finally the forth component for stock market movement is trend analysis. Fares et al. (2011) conducted a study on 'Individual Investors' Stock Trading Behavior at Amman Stock Exchange' using the multiple regression technique and identified four behavioral factors that influenced investors' trading decisions. The investor's age, his/her use of the internet and his/her formal level of education were statistically significant (at 1% or 5% level) with positive signs. The broker variable was highly significant (less than 1% level). Kaleem et al. (2009) conducted a research on 'Factors Affecting Financial Advisor's Perception in Portfolio Management: With Reference to Pakistan'. It argues that personal, psychological, socio-cultural, and religious and gender issues influence the advisor's perception leading him to a non optimal decision. The results indicate that age, income, language and orientation of education have significant role in determining the investment style of an investor. Shaikh et al. (2011) conducted a study on 'Impact of Demographic Factors on Retail Investors' Investment Decisions- An Exploratory Study' and found many factors, both intrinsic and extrinsic like age, gender, marital status, level of income, educational background that affect the assessment of risk and thereby investors' behavior and decision making. Rashid et al. (2009) conducted a study on 'Satisfaction of Retail Investors on The Structural Efficiency of the Market: Evidence from a Developing Country Context' and found that in Bangladesh, the most influencing

factors on investors' decisions are efficiency of the company, inflation rate, easy and quick transactions, transaction cost and access to the company and industry information, quality of information and prior knowledge of securities.

From the light of the above review of literature, the following hypothesis can be set to exhibit the appropriate answer with respect to the research question set earlier:

H_0: There is no factor that affects decision of investment in the stock market in Bangladesh.

H_a: There are many factors that affect decision of investment in the stock market in Bangladesh.

4. Methodology of the Study

Table 1: Identification of Variables

Code	Items	Sources
ID01	Risk tolerance	Bernheim et al. (2001)
ID02	Accounting information	Merikas, Andreas, George, and Prasad (2004)
ID03	Personal financial needs	Merikas, Andreas, George, and Prasad (2004)
ID04	Advocate recommendation	Merikas, Andreas, George, and Prasad (2004)
ID05	Neutral information	Merikas, Andreas, George, and Prasad (2004)
ID06	Stakeholders' attitude toward the company	Williams (2007)
ID07	Human mindset expectations	Sevil, Sen, and Yalama (2007)
ID08	Sentiments	Sevil, Sen, and Yalama (2007)
ID09	Excitement	Sevil, Sen, and Yalama (2007)
ID10	Past and present stock performance	S. Usmani (2012)
ID11	Earnings per Share (EPS)	Bhatt & Sumangala (2012)
ID12	Higher income countries	Benson (2002)
ID13	Real dividend growth	Balke & Wohar, 2006
ID14	Negative correlation between the beta and stock return	Rahman, et al (2006)
ID15	Increased volatility and higher trade efficiency	Wong, et al (2009)
ID16	Inflation and interest rate	Al-Qenae (2002)
ID17	GDP	Udegbunam & Eriki (2001)
ID18	Interest rate and foreign exchange rate risks	Joshep and Vezos (2006)
ID19	Macroeconomic factors	Tsoukalas (2003)
ID20	Consumer price index	Ibrahim (2003)
ID21	Financial Literacy	Al-Tamimi et al. (2009)
ID22	Political stability	Bennet and Selvam (2011)
ID23	Use of the internet	Fares et al. (2011)
ID24	Language	Kaleem et al. (2009)
ID25	Transaction cost	Rashid et al. (2009)

Source: Literature Review

The present study is the result of the collection of both primary and secondary data and their analyses of which the primary data have been collected from the sample size of 100 respondents using 'convenience sampling' method through survey on students, bankers, non bank financial institutions officials, faculty member of Britannia University

(i.e., population) of the Bangladesh stock market potential investors. A structured self-administered questionnaire comprising of closed (i.e., dichotomous – yes/no), open-ended, non-forced, balanced and odd numbered non-comparative itemized questions using Likert 5 rating scale of measurement has been used for the survey. On the other hand, secondary data have been collected through extensive literature review. In this regard, recent articles and research papers published in the referred journals and peer reviewed international conference proceedings, survey reports, internship reports, annual reports and sustainability reports of the operators, web sites, newspapers, etc., relevant to the literature of the subject matter have also been studied. From the literature review on the impact of 25 factors that affect decision of investment in the stock market in Bangladesh have been identified as variables which are exhibited in the **Table 1** from ID01 to ID25.

5. Analysis and Findings of the Study

5.1 Reliability Analysis

In the **Table 2**, the Cronbach's Alpha value of all the 26 items together is .742 which is greater than 0.7, indicating an overall higher reliability factors. Thus, it can safely be concluded by looking at **Table 2** that the reliability of this study is substantial in every perspective because the sample size and the data collected are reliable and also the reliability is shown to be good using all the 26 items.

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.742	26

Source: Field Survey

5.2 Validity Analysis

The value of Kaiser-Meyer-Olkin (KMO) Measure is .786 which is 'good' suggesting the adequacy of the sample size for the research study. From the results of the Bartlett's Test of Sphericity, it is seen that the approximate chi-square statistics is 1153.849 with 325 degrees of freedom, which is greater than the table value. This means that the null hypothesis that the population correlation matrix is an identity matrix is rejected by Bartlett's test of sphericity. So, the result of Bartlett's test of sphericity is significant suggesting that the population was not an identity matrix. Therefore, the Bartlett's Test of Sphericity is significant.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	1153.849
	df	325
	Sig.	.000

Source: Field Survey

5.3 Multiple Regression Analysis

Multiple regression analysis has been used to examine whether the factors have really any influence in investment decisions or not. The dependent variable (Are they real factors) has been regressed against each of the component scores (beta coefficients) of the 25 independent variables. The dependent variable, are they real factors, has been used as a surrogate indicator of respondents' evaluation of the role of investment decisions in assuring growth of Bangladesh stock market. The following **Tables** 4a, 4b and 4c exhibit the results of the regression analysis. To predict the goodness-of-fit of the regression model, the Multiple Correlation Coefficient (R), Coefficient of Determination or, Square Multiple Correlation Coefficients (R^2), Adjusted R^2, F ratio and t-values with significance have been examined.

Table 4a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.598	.463	.64301

a. Predictors: (Constant), ID25, ID13, ID18, ID20, ID06, ID08, ID19, ID22, ID16, ID21, ID07, ID05, ID15, ID02, ID12, ID23, ID10, ID09, ID14, ID01, ID03, ID04, ID11, ID24, ID17

Table 4a: Model Summary

Firstly, the multiple correlation coefficients (R) of independent variables (25 components, ID01 to ID25) on the dependent variable (Stock Market Investment Decision, or SM01) is .773[a], which showed that factors affecting investment decisions have positive affect on Bangladesh stock market. In other words, the R value .598 shows 59.8% multiple correlation coefficients which means that there is 59.8% correlation between the predictors or 25 independent variables.

Secondly, the Square multiple correlation coefficients (R^2) is .598, suggesting that more than 59.8% of the variation or variance in the dependent variable (stock market investment decisions) has been explained by the predictors or independent variables or 25 factors or variables. This meets the assumption of non-zero variance based on the fact that the R^2 value the variance in the predictor values, which in this case is not equal to zero.

Thirdly, the adjusted R^2 value .463 is ideal to generalize the model well because this value is close to R^2 value with a small difference of .135 (.598-.463). This means that if the model were applied to the population, it would account for 13.5% less variance in outcome.

Table 4b: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.564	25	1.823	4.408	.000[b]
	Residual	30.596	74	.413		
	Total	76.160	99			

a. Dependent Variable: Stock Market Investment Decision
b. Predictors: (Constant), ID25, ID13, ID18, ID20, ID06, ID08, ID19, ID22, ID16, ID21, ID07, ID05, ID15, ID02, ID12, ID23, ID10, ID09, ID14, ID01, ID03, ID04, ID11, ID24, ID17

Table 4b: ANOVA[a]

Firstly, the F ratio is 4.408, which is highly significant and this means that the model significantly improves the ability to predict the outcome variable. In this table, the p value is shown as 0.000 which is less than 0.05 indicating the model has a significant fit to the overall data. So, the regression model achieved a satisfactory level of goodness-of-fit in predicting the variance of are they real factors in relation to the 25 factors or variables, as measured by the above mentioned R, R^2, Adjusted R^2 and F ratio. In other words, at least one of the three components is important in contributing to really the factors are affecting investment decisions in Bangladesh stock market.

Table 4c: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.280	.896		.313	.755
ID01	.061	.109	.066	.556	.580
ID02	.043	.125	.041	.340	.735
ID03	.176	.093	.217	1.886	.063
ID04	.055	.091	.073	.598	.552
ID05	.045	.072	.061	.618	.538
ID06	.027	.078	.031	.346	.730
ID07	.127	.085	.151	1.499	.138
ID08	.055	.090	.067	.613	.542
ID09	.015	.100	.016	.153	.879
ID10	.066	.091	.078	.733	.466
ID11	.086	.117	.098	.736	.464
ID12	.029	.143	.032	.201	.841
1 ID13	.020	.098	.025	.203	.840
ID14	.064	.085	.079	.754	.453
ID15	.002	.086	.003	.027	.978
ID16	.035	.092	.039	.384	.702
ID17	.053	.139	.060	.380	.705
ID18	.067	.066	.085	1.017	.312
ID19	.118	.088	.124	1.337	.185
ID20	.052	.071	.059	.729	.468
ID21	.026	.085	.028	.304	.762
ID22	.072	.073	.086	.979	.331
ID23	.194	.106	.223	1.831	.071
ID24	.082	.107	.108	.764	.447
ID25	.407	.104	.473	3.911	.000

a. Dependent Variable: SM01

Table 4c: Coefficients[a]

The application of the b, beta and t values in the multiple regression model equation interprets this model to mean that for every increase of one unit in factor ID01 would affect investment decision in the stock market of Bangladesh with an increase by .061. The results show that there is positive relationship between the factors which affect investment decision in the stock market of Bangladesh, other variables being held constant.

Since the beta values are the standardized versions of the b-values and are directly comparable, these values may be used to infer regarding the relative importance of

each predictor or component to the model. In other words, the beta coefficients could be used to explain the relative importance of the 25 dimensions (independent variables) in contributing to the variance in really the factors are affecting investment decisions of stock market of Bangladesh (dependent variable).

Again, since there are more than one predictors or components (independent variables), the magnitude of the t-value in conjunction with the significance has been considered to assess the overall contribution to the model. Based on the decision rule "the smaller the significance value and the greater the t-value, the greater the contribution of the predictor".

In summary, it can be stated that all underlying dimensions are positive and therefore are significant. Thus, the result of multiple regression analysis rejects the null hypothesis (H_0) that "There is no factor that affects decision of investment in the stock market in Bangladesh" and proves or accepts the alternative hypothesis (H_a) that "There are many factors that affect decision of investment in the stock market in Bangladesh". So, there is a relationship as expected.

6. Conclusion

The findings of the reviewed literature represent the role of the identified factors in the decisions of investment in Bangladesh stock market. However, each of the previous study focuses on its unique findings which are not always exhaustive list for constructive investment decision. Since most of the past papers focused on few aspects of the subject matter, the inclusion of multifarious variables from different research findings verified the current study through multiple regression analysis.

From this perspective, the present paper is unique for its compliance with the reliability and validity test criterion. The results of this study indicate a lot of influencing factors which have significant effect on the investment decisions in the stock market of Bangladesh. Among them risk tolerance, true accounting information, past and present stock performance, earning per share, GDP and other Macroeconomic issues of the country, political stability are noteworthy. However, the current study has some serious limitations. For example, the macro environmental factors such as political instability, GDP, change of market rules and provisions by the regulators, etc., are uncontrollable, ethical and rational investment culture is yet to be developed, manipulators often escape the hurdles and many more. The earlier studies made no clear impact analysis of such factors on investment decisions and again each of the paper focused on some such factors which have different dimensions in the other studies So, the present study revealed that there is necessity to pay much attention on the careful analysis of the prevailing factors so that correct investment decisions can be taken.

The new findings of this paper are the higher of multiple correlations coefficient ® value i.e., 0.773 or 77.3%, highly significant (.000) F ratio i.e. 4.408 and positive as well as chronologically higher B, Beta and t values indicate that there is a relationship between the factors and the stock investment decisions. Thus, the result of multiple regression analysis rejects the null hypothesis (H_0) that "There is no factor that affects decision of

investment in the stock market in Bangladesh" and proves or accepts the alternative hypothesis (H_a) that "There are many factors that affect decision of investment in the stock market in Bangladesh".

The present study has been found very much significant from the results of higher reliability and validity scores. In practice if the investor pays his/her full and careful attention on the identified factors and can comply with them proactively through intensive security analysis and well planned portfolio management, they can make immense profit from their investment.

It is also expected that the current paper may contribute in the research and academic development of stock market investment decision criterion through a systematic process of extensive literature review followed by the primary survey findings and analysis together with conclusive implications. Thus, the paper will enable the concerned investors, traders, brokerage houses and merchant banks with necessary course of actions and new business models which will enable the academia in developing its theory based on proven practice.

Finally, it is evident that the current paper has been successful in overcoming the partial focus on the influencing factors on the investment of Bangladesh stock market. For example, the studies of Tsoukalas (2003), Ibrahim (2003), Al-Tamimi et al. (2009), Bennet and Selvam (2011), Fares et al. (2011), Kaleem et al. (2009) and Rashid et al. (2009) have respectively emphasized on one factor each namely macroeconomic factors, consumer price index, financial literacy, political stability, use of the internet, language and transaction cost. In this regard, the current paper is enriched with accumulation of the findings of many research papers in place with around 25 variables or factors which have also statistically proved influence on the decisions of the investors in the stock market of Bangladesh. However, the present study is new of such kind from the perspectives of Bangladesh. Since the stock market of Bangladesh is going through so many reforms to counter the earlier set back of two big market crashes of the year 1996 and 2010, it is early to get full picture of the subject matter through this paper. Regular studies of such type may explore new avenues in the field of stock market investment from Bangladesh perspective.

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Appendix:

Survey on Investment Factors in Bangladesh Stock Market

Dear Participant,

We are conducting this survey on investment professionals and investors to know their perceptions about the factors affecting investment decisions which is a study on Bangladesh stock market.

Your kind participation in filling this will be very helpful in the successful completion of the research project.

Your responses will be kept highly confidential. Please attempt to answer all the questions.

Your participation in the study will be highly appreciated.

PART A: Factors affecting investment decisions: A study on Bangladesh stock market.

The following is a list of factors which affects the investment decisions in the stock market in Bangladesh.

Please **ENCIRCLE** the most appropriate number at the right side of each activity in the Table 1 and Table 2 on a scale of 1 to 5 to indicate how closely each of these factors affecting the investment decisions in Bangladesh stock market. The meaning of the numbers is as follows which is also specified in the short form at the top of each column.

1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA)

Table 1: Factors Affecting Investment Decisions

Code	Factors affecting investment decisions.	1 = SD	2 = D	3 = N	4 = A	5 = SA
ID01	Risk tolerance is a great factor for investment decision in Bangladesh stock market.	1	2	3	4	5
ID02	Accounting information plays role for investing in Bangladesh stock market.	1	2	3	4	5
ID03	Personal financial need is a factor which influences investment decisions in Bangladesh stock market.	1	2	3	4	5
ID04	Advocate recommendation plays a vital role for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID05	The true (Neutral) information is necessary for investing in Bangladesh stock market.	1	2	3	4	5
ID06	Stockholders' attitude toward the company is important for investment in Bangladesh stock market.	1	2	3	4	5
ID07	There is no need for human mindset expectations for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID08	Sentiment of investors is an important issue for investing in Bangladesh stock market.	1	2	3	4	5
ID09	Excitement is playing a negative role for investment in Bangladesh stock market.	1	2	3	4	5
ID10	Past and present stock performance is necessary for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID11	Earning per share is very important for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID12	Investment decisions are easy in higher income countries not in countries like Bangladesh.	1	2	3	4	5
ID13	Real dividend growth is necessary in investment decisions in Bangladesh stock market.	1	2	3	4	5
ID14	Negative correlation between the beta and stock return is not expectable in investment decisions in Bangladesh stock market.	1	2	3	4	5
ID15	Increased volatility and higher trade efficiency is required for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID16	Inflation and interest rate plays a vital role in investment decisions in Bangladesh stock market.	1	2	3	4	5
ID17	GDP plays a vital role for investing decisions in Bangladesh stock market.	1	2	3	4	5
ID18	Interest rate and foreign exchange rate risk is an important factor for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID19	Macroeconomic factors are necessary for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID20	Consumer price index is an important issue for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID21	Financial literacy is required for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID22	Political stability is necessary for investment decisions in Bangladesh stock market.	1	2	3	4	5
ID23	To know how to use internet plays a vital role in investment decisions in Bangladesh stock market.	1	2	3	4	5
ID24	Language is not important in investment decisions in Bangladesh stock market.	1	2	3	4	5
ID25	Transaction cost is not playing any role in investment decisions in Bangladesh stock market.	1	2	3	4	5

Table 2: Really the Factors Affecting Investment Decisions in Bangladesh Stock Market

Code	Are they real factors	1 =	2 = D	3 = N	4 = A	5 =
RFID01	The above factors mentioned are really affecting investment decisions of investors in Bangladesh stock market.	1	2	3	4	5

PART B: DEMOGRAPHIC PROFILE

1. Are you _____? (Choose one response only)
   1. Male
   2. Female

2. What is your age _____ in years?

INVESTORS CLASSIFICATION

3. Are you an _____? (Choose one response only)
   a) Investor
   b) Investment professionals

4. Do you have any training or qualifications on stock market investment? (Choose one response only)
   a) Certificate Course
   b) Diploma Holder
   c) Bachelor Degree
   d) Masters Degree
   e) PhD/Doctorate
   f) Others

11. Since how long are you investing or advising or serving in the stock market? (Choose one response only)
   - 0-5 years
   - 5-10 years
   - 10 years and above

Thank you for taking your valuable time to complete the survey questionnaire.